

FISCAL MEMORANDUM

SB 2397 – HB 2418

April 10, 2008

SUMMARY OF AMENDMENT (016353): Adds new language to the original bill which creates the Tennessee Helping Heroes Scholarship Fund (THHSF) for the purpose of receiving a one-time \$25,000,000 transfer, pursuant to the general appropriations act, from the Lottery for Education Account on July 1, 2008. The \$25,000,000 will be established as the principal amount within the THHSF. Requires interest earnings of the THHSF be used for funding Helping Heroes Grants.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$6,310,000 in FY08-09 and by \$5,711,000 in FY09-10.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – If the General Assembly appropriates such monies in the general appropriations act, then \$25,000,000 will be transferred from the Lottery for Education Account to the Tennessee Helping Heroes Scholarship Fund. Such funds shall remain part of the Tennessee Helping Heroes Scholarship Fund for the purpose of earning interest. Such interest earnings shall be used exclusively for funding Helping Heroes Grants. This one-time transfer will reduce the amount of funding available for eligible recipients of traditional HOPE scholarships and grants. The expenditure of funds from the Tennessee Helping Heroes Scholarship Fund is estimated to be \$750,000 per year beginning in FY09-10.

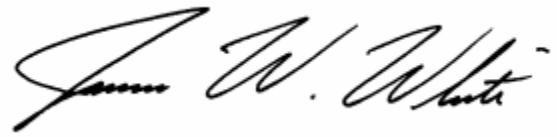
Assumptions applied to amendment:

- The principal amount remains in the THHSF.
- The THHSF earns three percent per year.
- Annual interest earnings are estimated to be \$750,000 ($\$25,000,000 \times 3.0\% = \$750,000$) per year.

- Helping Heroes Grants will not be awarded for the 2008-2009 academic year; the first year of awards will occur in FY09-10.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc